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Linda McCulloch
Superintendent

DATE: January 23, 2001

TO: School Food Authority Administrators and Food Service Managers

FROM: Christine Emerson, Director
School Nutrition Programs

SUBJECT: School Food Authorities (SFAs) and Requirements for Inventory of USDA
Commodities

The Food and Nutrition Service issued a memo on July 13, 2001 waiving the part of 7 CFR 250.14(e) that requires schools and child care centers to take an annual physical inventory of commodities in storage facilities. The memo also waives the part of 7 CFR 250.16(a)(2) that requires SFAs to maintain commodity inventory records. The waiver permits SFAs to adopt a single inventory record keeping method that will account for commodities along with purchased food. **It is no longer a requirement to maintain USDA commodities separate from purchased inventory.**

SFAs are recommended to conduct a physical inventory on at least a monthly basis. For larger districts, a perpetual inventory is advised in addition to the physical inventory. A perpetual inventory is an up-to-date, running record of each item in the storage areas. It provides ready information for placing orders and is good management practice. If a perpetual inventory is maintained, it should be compared to the physical inventory and any differences should be evaluated.

Any commodity loss must be reported to School Nutrition Programs. If it is found that a loss occurred as a result of neglect on the part of the SFA, the SFA may be held liable for the USDA value of the commodity and could be required to reimburse USDA. In the event of "Food Safety Alerts," recalls, or holds being placed on a product, you must be able to identify the USDA commodities with the following information: date of pack, contract number, plant number, lot code number, and date of receipt. This information must be put on all items that are taken from the original USDA containers and placed in storage areas.

If you have any questions concerning the changes in inventory requirements, please contact Holly Humphrey, School Nutrition Programs Specialist, at (406) 444-4413 or Christine Emerson, School Nutrition Programs Director, at (406) 444-2502.